

Commonwealth of Massachusetts
Department of Telecommunications and Energy
Fitchburg Gas and Electric Light Company
Docket Nos. D.T.E. 02-24 and D.T.E. 02-25
Responses to the Department's Second Set of Information Requests

Request No. DTE-2-2

Refer to Exhibit FGE-MHC-1 (Electric) at 33, line 15 to 18 and D.T.E. 99-118, at 95. Please reconcile the Company's reduction of test year revenues of \$984,963 with the annualized revenue reduction of \$1,170,426 as was directed in D.T.E. 99-118. As part of this response, explain why an annualizing adjustment was required.

Response:

The annualized revenue reduction of \$1,170,426 directed in D.T.E. 99-118 was based on 1999 test year data. That revenue reduction, divided by the adjusted electric distribution revenues of \$14,138,961 (D.T.E. 99-118, at 103) resulted in a 8.28% reduction on each rate component.

The pro-forma adjustment discussed at Exhibit FGE-MHC-1 (Electric) at 33, line 15 to 18, is for revenues in test year 2001, prior to the rate change on October 18. The rate reduction when applied to different test year billing units will produce a different test year revenue amount. In addition, due to seasonal usage patterns, the pro-forma adjustment for the test year 2001 may appear high when compared to the number of days before and after the rate change in the test year. This is due to the high consumption which takes place in the summer months.

An annualizing adjustment was required due to the rate change which occurred in the test year. It is a known and measurable change affecting the revenues of the Electric Division.

Person Responsible: Mark H. Collin